

Subject: Consultation Paper – Draft Regulatory Technical Standards on group-wide requirements under article 16(4) of Regulation EU 2024/1624 and on additional measures on branches and subsidiaries in third countries under article 17(3) of Regulation EU 2024/1624

Date: 12 June 2026

Dear Sir/Madam,

The Compliance Institute (the “**Institute**”) is the professional body for compliance professionals in Ireland. With over 3,850 members, it is the premier provider of education and professional development in compliance, providing an authoritative and balanced voice on matters relating to regulatory compliance and business ethics in Ireland.

The Institute is supportive of the European Union’s efforts to harmonise national legislation under the Single Rulebook and AMLA’s mandate to draft standards and issue guidelines to clarify the requirements under the Regulation EU 2024/1624 (“**AMLR**”) and the other components of the EU AML/CFT Package.

The Institute is well placed to provide informed feedback given the key role that the profession has in Regulated Financial Service Providers (“**RFSP(s)**”) and its diverse membership that includes AML compliance and other professionals from a broad range of sectors subject to different levels of regulation and supervision.

The Institute welcomes the publication by the Authority for Anti-Money Laundering and Countering the Financing of Terrorism (“**AMLA**”) of the Consultation on the draft RTS on group-wide minimum requirements and additional measures for subsidiaries and branches in third countries, and the opportunity to provide responses on behalf of its members to the questions set out in the paper as are more particularly set out in **Appendix 1**.

The recent AMLA public hearing was very well received by our membership, and the opportunity to engage and communicate in these types of fora is very helpful. Our members would welcome the continuation of this engagement with the AMLA and express their thanks for the support provided to date.

The views expressed in this letter reflect those of the Institute as a professional body for compliance professionals in consultation with a sub-section of its members representing a range of financial services industry sectors.

We hope you find our views constructive and are available to discuss further if helpful at your convenience.

Yours faithfully

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APPENDIX 1

GENERAL REMARKS

At a general level, the draft RTS seeks to establish a common framework capable of applying across a broad range of organisational structures, governance models, and legal environments. While the Institute supports this objective, the practical implementation of the requirements may differ significantly depending on the nature, scale and complexity of the business and the structures concerned, the degree of operational integration, and the legal and regulatory frameworks within which entities operate.

The Institute notes that several provisions of the draft RTS appear to assume a level of operational visibility, governance alignment, and information accessibility that may not exist in practice across all groups and structures sharing common ownership, management, or compliance control. Further guidance would therefore be welcomed regarding the distinction between coordination and operational control, as well as the circumstances in which group-equivalent obligations are expected to apply.

The Institute also considers that additional clarity would be beneficial regarding the governance and operationalisation of information sharing arrangements, including accountability for the interpretation, escalation, ownership, and use of shared information in AML/CFT decision-making. While information sharing is an important component of effective AML/CFT frameworks, effectiveness also depends on the ability of firms to contextualise and operationalise information within their particular legal, operational, and risk environments.

Finally, the Institute believes that greater recognition of differing organisational structures, local legal restrictions, and jurisdiction-specific risk considerations would support a more proportionate and risk-based implementation of the draft RTS, particularly in the context of third-country operations and decentralised structures.

The Institute's detailed observations are set out in the responses below.

RESPONSES TO QUESTIONS

Section 1 - General provisions (articles 1 - 2)

Question 1: Do you have any observations concerning the definitions laid out in article 2?

The definitions in Article 2 are helpful in establishing a common interpretative framework for the draft RTS. However, several concepts would benefit from greater precision to support consistent application across sectors and organisational models.

In particular, greater clarity would be welcomed where definitions may extend group-wide requirements beyond conventional parent-subsidiary structures, e.g., to other affiliates within the same group. The draft RTS would benefit from clearer distinctions between shared ownership, coordination, standardisation, or influence on the one hand, and genuine managerial control, compliance authority, and operational accountability on the other.

This is especially important in relation to concepts that may capture structures sharing common ownership, management, or compliance control. Shared methodologies, branding, systems, reporting arrangements, or policy frameworks do not necessarily indicate the degree of integration, visibility, or authority that would justify the application of obligations equivalent to those applicable to a fully integrated group.

Clarification would also be useful regarding the level of authority required for 'compliance control', including the extent to which an entity must be able to influence AML/CFT policies, require compliance reporting, access relevant information, direct remediation activities, or otherwise exercise meaningful oversight of AML/CFT outcomes.

More generally, the definitions could be enhanced to better recognise the position of legally independent entities that participate in shared governance or compliance arrangements without operating under unified control. For example, professional networks, franchise arrangements, or affiliated firms may share branding, methodologies, training programmes, compliance frameworks, or reporting arrangements while retaining separate governance structures, risk appetites, customer relationships, and legal accountability. Greater precision in Article 2 would improve legal certainty, support proportionality, and reduce the risk of inconsistent interpretation across competent authorities and obliged entities.

Section 2 - Minimum group-wide requirements (article 3)

Question 2: Do you find the minimum requirements listed in article 3 of the draft RTS related to internal policies, procedures and controls sufficient and clear? If not, could you please indicate which other requirements, or further clarification, you think should be added and/or revised?

The minimum requirements listed in Article 3 are broadly appropriate and provide a helpful baseline for group-wide internal policies, procedures and controls. The Institute supports the objective of establishing a more harmonised and consistent framework across the EU in line with Article 16 AMLR and the approach previously reflected in Article 45 of Directive (EU) 2015/849. However, certain aspects of Article 3 would benefit from further clarification to support consistent application across sectors, jurisdictions, and organisational models.

In particular, the draft RTS would benefit from clearer articulation of the relationship between group-wide requirements and the responsibility of individual entities to tailor policies, procedures and controls to their own business model, customer base, geographic exposure, regulatory environment and risk profile. While consistency across the group is important, excessive standardisation may reduce firms' ability to respond appropriately to local legal, supervisory, and operational realities. This is particularly relevant where the parent undertaking is established outside the EU, including in closely connected European jurisdictions such as Liechtenstein or Switzerland, where group-wide coordination may exist, but legal, supervisory, and information-sharing frameworks may not align fully with EU requirements. It may also arise where the parent undertaking operates in a different sector from the obliged entity, such that group-wide governance or control frameworks may not be designed with the same AML/CFT risk profile, regulatory expectations, or operational realities in mind.

Clarification would also be useful regarding governance and accountability. In practice, firms may need clearer guidance on the respective roles of the parent undertaking, local management, compliance functions, and other control functions in designing, approving, implementing, monitoring, and escalating issues arising from group-wide policies. This is particularly important where local entities remain accountable for AML/CFT compliance while also implementing centrally determined frameworks.

The Institute also considers that Article 3 should address proportionality more explicitly. A single set of minimum requirements may operate differently across highly integrated groups, decentralised structures, and entities in different sectors. Additional guidance on how proportionality should be applied in practice would improve legal certainty and reduce the risk of overly rigid or formalistic implementation.

In addition, consideration could be given to clarifying expectations in relation to:

- the degree of local discretion permitted when implementing group-wide frameworks;
- documentation standards for evidencing how local adaptations are made;
- review and challenge processes where local risk assessments diverge from group-level assumptions;
- governance arrangements for escalation and decision-making; and
- the interaction between group-wide controls and local legal or regulatory requirements, including data protection and confidentiality obligations.

Overall, while the minimum requirements in Article 3 provide a useful starting point, further clarification in these areas would make the draft RTS more effective in practice and better suited to the diversity of firms and structures that may fall within scope.

Section 3 - Information sharing (articles 4 - 9)

Question 3: Do you foresee any challenges or areas requiring further clarification in relation to the information-sharing requirements set out in articles 4 to 9 of the draft RTS, including information sharing to and from third countries? If so, please explain and suggest how the framework could be made more effective operationally or legally.

The objective of strengthening information sharing across groups and group-like structures is understandable. However, the draft RTS places significant emphasis on increasing the availability and movement of information without equivalent clarity on how that information should be interpreted, prioritised, escalated, and acted upon within complex organisational structures.

AML/CFT effectiveness is constrained not only by the volume of information available, but by firms' ability to translate that information into timely, well-governed decisions within the relevant legal, operational, and risk environment. While greater information sharing may improve group-wide visibility, increasingly expansive expectations may also create:

- information overload;
- governance ambiguity;
- duplication of effort;
- and unclear ownership of intelligence assessment, escalation, and decision-making responsibilities.

The draft RTS significantly expands expectations regarding the sharing of customer, transactional, risk, and control-related information across groups and group-like structures. However, there is comparatively less clarity regarding:

- prioritisation frameworks;
- materiality thresholds;
- challenge and review processes;
- escalation governance;
- and accountability for decisions taken based on shared intelligence.

This creates a risk of centralised accumulation of intelligence without an equally clear framework for review, escalation, and decision-making.

There is also a tension between increasingly centralised intelligence-sharing arrangements and the draft RTS's simultaneous expectation that AML/CFT accountability remains with local entities and local Boards. In practice,

this may create ambiguity regarding ownership and accountability of risk decisions, escalation responsibilities, and ultimate accountability, particularly where local and group-level perspectives differ.

Additional operational and legal challenges may also arise in relation to:

- legal privilege;
- confidentiality obligations;
- data protection requirements;
- cross-border transfer restrictions;
- differing local secrecy laws;
- and varying standards regarding access, retention, and processing of AML/CFT information.

Finally, while the draft RTS seeks to avoid automatic de-risking outcomes, increasingly centralised intelligence-sharing arrangements may nevertheless create indirect pressure toward group-wide risk aversion, particularly where adverse information, declined relationships, or suspicion indicators become broadly visible across entities operating in different local risk environments.

Section 4 - Additional measures for branches or subsidiaries in third countries of obliged entities and parent undertakings in the Union (articles 10 - 16)

Question 4: Do you foresee any operational or legal challenges in implementing the minimum actions and additional measures required under section 4 of the draft RTS where third-country law restricts the application of group-wide AML/CFT policies, procedures and controls? If so, please describe the challenges and provide practical examples.

The draft RTS appears to assume that legal impediments in third countries can, in many cases, be mitigated through:

- internal controls;
- contractual arrangements;
- customer consent;
- additional governance measures;
- or escalation frameworks.

In practice, some conflicts may be structural and jurisdictional, particularly where local secrecy laws, legal privilege obligations, data protection requirements, or supervisory restrictions directly conflict with EU AML/CFT requirements.

The draft RTS also appears to place significant reliance on customer consent as a means of overcoming legal impediments in third countries. However, consent may not always be a sufficiently robust, scalable, or legally effective solution where restrictions are structural or where local legal frameworks impose absolute limits on access, processing, retention, or disclosure of information.

Operationally, firms may face significant challenges where:

- local law prohibits intra-group sharing of suspicious activity information;
- local secrecy or privilege obligations restrict access to customer information;
- local supervisory authorities impose conflicting requirements;
- or local restrictions prevent the implementation of group-wide controls, monitoring, or audit access.

In some jurisdictions, firms may be placed in conflicting legal positions whereby complying with EU expectations creates exposure under local law, while complying with local law creates exposure under EU AML/CFT requirements.

There may also be practical challenges associated with maintaining parallel governance and control frameworks across jurisdictions with materially different legal expectations and restrictions.

Further clarification would therefore be beneficial regarding:

- the limits of reasonable mitigation expectations;
- circumstances where legal conflicts may be considered non-remediable;
- proportionality expectations for firms operating in high-conflict jurisdictions;
- and the interaction between EU AML/CFT obligations and local legal restrictions.

Additional clarification would also be beneficial regarding how the adequacy of alternative measures should be assessed where direct compliance with group-wide requirements is not possible. In particular, it would be helpful to understand the extent to which firms may rely on risk-based assessments, compensating controls, or locally adapted frameworks, and how competent authorities are expected to evaluate whether such measures achieve outcomes equivalent to those required under Union law.

Question 5: Do you foresee any challenges in applying the provisions relating to information sharing within the group where third-country law restricts the ability to access, process or exchange information for AML/CFT purposes (article 12 and 13 of the draft RTS)? If so, please explain.

Significant operational and legal challenges are likely to arise where third-country law restricts the ability of branches or subsidiaries to access, process, or exchange information for AML/CFT purposes.

In practice, the principal challenge is that some legal restrictions are structural rather than procedural. Where local law prohibits or materially limits the legally permitted sharing of customer information, suspicious activity information, internal alerts, or supporting records, the relevant impediment may not be capable of being resolved through internal governance arrangements, contractual mechanisms, or customer consent alone. This may also arise where a parent undertaking is established outside the EU, including in closely connected European jurisdictions such as Liechtenstein or Switzerland, where legal or supervisory alignment in some respects may still leave material differences in information-sharing, confidentiality, or data-handling requirements.

Operationally, firms may encounter particular difficulty where local law restricts intra-group access to customer due diligence records, transaction monitoring outputs, internal investigation materials, suspicious transaction reporting information, or audit and compliance files. In such cases, it may be challenging to ensure that group-level AML/CFT functions have sufficient visibility to identify emerging risks, assess group-wide exposure, or support consistent decision-making across jurisdictions.

There may also be tension between EU AML/CFT expectations and applicable data protection rules, including Regulation (EU) 2016/679, particularly where transfers of personal data to or from third countries require a separate legal basis, appropriate safeguards, and compliance with restrictions on international data transfers. Similar issues may arise under local banking secrecy, confidentiality, legal privilege, employment, or supervisory laws.

A further challenge is that restrictions may apply unevenly across categories of information. For example, some jurisdictions may permit the sharing of general customer due diligence information but prohibit the sharing of suspicious activity information, intelligence derived from internal investigations, or information that could give

rise to tipping-off concerns. This can make it difficult to design a single information-sharing framework that is both effective and legally compliant across the group.

These challenges may also create governance uncertainty. Where group-level functions have incomplete access to information, but local entities remain responsible for implementation and local compliance, firms may face ambiguity regarding escalation responsibilities, the ownership of risk decisions, and the extent to which group-level oversight can realistically be exercised.

Clarification would therefore be helpful regarding the limits of reasonable information-sharing expectations, the circumstances in which legal restrictions should be regarded as non-remediable, the interaction between Articles 12 and 13 of the draft RTS and broader data protection and secrecy rules, and the extent to which firms may rely on alternative controls where direct information exchange is not legally possible.

Overall, while the policy objective is understandable, the draft RTS would benefit from a clearer acknowledgment that some third-country legal conflicts cannot be resolved through process design alone and that, in such cases, a more explicit proportionality and risk-based framework may be necessary.

Question 6: Do you consider the proposed framework for additional supervisory actions (article 16 of the draft RTS) appropriate and workable in practice, including the addressee of supervisory decisions and the feasibility of applying restrictions or closure measures in cross-border structures? If not, please explain.

The proposed framework for additional supervisory actions is understandable in principle, particularly where legal or operational impediments in third countries prevent the effective application of group-wide AML/CFT requirements and the measures implemented by the parent undertaking are insufficient. However, it would benefit from further clarification to ensure that it is workable in practice, proportionate in application, and clear regarding the addressee of supervisory decisions and the feasibility of restrictions or closure measures in complex cross-border structures.

In particular, greater clarity would be useful on the circumstances in which supervisory action should be directed to the parent undertaking in the EU, the local obliged entity, or both. In practice, the entity best placed to receive a decision may differ depending on the legal structure, the nature of the impediment, and the extent of actual control over the relevant branch or subsidiary. In more decentralised or internationally layered structures, the formal addressee of a decision may not always be the entity capable of implementing the relevant remedial action in an effective or timely manner.

There are also practical concerns regarding the feasibility and legal effect of restrictions on new business, the termination of existing relationships, transaction limitations, or closure measures in cross-border contexts. Such actions may interact with local company law, employment law, licensing requirements, contractual obligations, customer protection rules, and local supervisory processes. In some cases, an EU supervisor may be able to require a parent undertaking to take steps within its control but may have limited practical ability to ensure that a closure or restriction can be implemented lawfully and promptly at local level without the involvement of local authorities.

The framework would also benefit from greater clarification on sequencing and proportionality. In particular, it would be helpful to specify more clearly when supervisory authorities should move from requiring additional mitigation measures to imposing business restrictions or closure measures, and what factors should be considered in determining whether such escalation is appropriate. Without this, there is a risk of uneven supervisory practice and uncertainty for firms operating across multiple jurisdictions.

A further practical issue is that the most severe measures may produce wider unintended consequences, including abrupt customer exits, disruption to legitimate business activity, legal disputes, and potential financial stability or consumer impacts in certain sectors. This does not mean such measures should be unavailable, but it does suggest that the draft RTS should more explicitly frame them as measures of last resort, to be considered only where less disruptive alternatives are demonstrably insufficient.

Further clarification would therefore be helpful regarding: the criteria for identifying the appropriate addressee of supervisory decisions; the practical expectations placed on parent undertakings where implementation depends on local legal processes; the supervisory factors relevant to escalation; and the extent to which competent authorities are expected to coordinate with host-country authorities where restrictions or closure measures are contemplated.

Overall, while the proposed framework reflects the seriousness of unresolved third-country impediments and is aligned with the logic of Article 17 AMLR, further clarification would improve legal certainty, operational feasibility, and consistency of supervisory application in practice.

Section 5 - Criteria for identifying the parent undertaking in the Union in cases of two or more obliged entities whose head office is located outside of the Union (articles 17 - 20)

Question 7: Do you find the criteria provided in section 5 effective to identify the parent undertaking in the Union in cases where two or more obliged entities not in a parent-subsidiary relationship whose head office is located outside of the Union? Do you find the criterion of annual turnover applicable in your specific sector?

The criteria set out in Section 5 of the draft RTS are a helpful starting point for identifying the parent undertaking in the EU where two or more obliged entities are established in the EU, are not in a parent-subsidiary relationship with an EU undertaking, and have a head office outside the EU. However, further clarification is needed to ensure that the criteria operate consistently and predictably in practice, particularly where group structures are complex, decentralised, or not fully aligned with conventional corporate hierarchies. This is also relevant where the head office is located in closely connected European jurisdictions such as Liechtenstein or Switzerland, where proximity or partial alignment should not obscure the need for clear criteria to identify the undertaking best placed to assume EU group-wide responsibilities. The same issue may arise where the undertaking that is formally most senior within the structure operates in a different industry, and another EU entity is better placed in practice to discharge AML/CFT governance, coordination, and oversight responsibilities.

In particular, it would be helpful for the draft RTS to clarify how the criteria should be applied where more than one EU entity could plausibly be regarded as sufficiently prominent, where different indicators point to different entities, or where legal ownership, operational leadership, and compliance coordination are not concentrated in the same undertaking. In such cases, a purely formal or mechanical application of the criteria may not identify the entity best placed to discharge the expected responsibilities in an effective manner.

The Institute also considers that the criterion of annual turnover may be relevant in some sectors as an indicator of scale or prominence, but it may not always be the most appropriate proxy for operational significance, risk exposure, or the capacity to exercise meaningful oversight. In some sectors, turnover may reflect business model characteristics, booking arrangements, or accounting treatment rather than the entity's actual role in governance, decision-making, or AML/CFT control.

This issue may be particularly relevant in sectors or structures where revenue is concentrated for commercial or tax reasons in one entity, while strategic management, compliance coordination, or operational control is exercised elsewhere. In those circumstances, an annual turnover criterion used in isolation could risk identifying

an entity that is not, in practice, best placed to act as the parent undertaking in the EU for the purposes of group-wide AML/CFT obligations.

It may therefore be preferable to clarify that annual turnover should operate, at most, as one indicator among several, or as a tiebreaker where other factors do not clearly identify the most appropriate undertaking. Additional weight could usefully be given to factors such as governance responsibility, control over AML/CFT frameworks, decision-making authority, access to relevant information, and the practical ability to implement group-wide measures across the EU entities concerned.

A further challenge may arise in affiliate or federated structures where no single EU entity exercises meaningful oversight across all affiliated entities. In such cases, turnover-based or threshold-based criteria may result in the designation of an undertaking that is commercially significant but lacks the practical authority, visibility, or governance capability required to coordinate AML/CFT oversight across the wider structure. The draft RTS may therefore benefit from placing greater emphasis on practical governance capability and operational influence rather than size-based indicators alone.

Overall, while the criteria in Section 5 of the draft RTS provide a useful framework, further clarification would improve legal certainty and help ensure that the undertaking identified is not merely the largest entity by turnover, but the one most capable of fulfilling the coordination, governance, and accountability functions that the draft RTS appears to envisage. Alternatively, scope for obliged entities to make their own determination based on detailed rationale could be useful to industry.

Section 6 - Conditions for the application of group-wide requirements to structures sharing common ownership, management or compliance control (articles 21 - 24)

Question 8: Do you find the conditions listed in article 21 sufficiently clear and effective to identify the structures that shall apply requirements similar to groups? If not, please explain.

The objective of extending AML/CFT requirements to structures exhibiting meaningful operational coordination is understandable, particularly in sectors where decentralised or non-traditional organisational models are common.

However, several of the proposed conditions appear to assume that coordination, standardisation, or shared infrastructure necessarily imply a level of operational control, visibility, and accountability that may not exist in practice.

In particular, concepts such as:

- 'common compliance control';
- shared governance arrangements;
- shared methodologies;
- shared systems;
- common branding;
- or periodic compliance reporting

may exist across networks, franchises, partnerships, or professional associations without those entities operating as a genuinely unified group for governance, risk management, or operational decision-making purposes.

There is therefore a risk that the proposed conditions may capture structures that exhibit coordination or standardisation, but not genuine managerial or operational control.

Additional clarification would be beneficial regarding:

- the boundaries of ‘common compliance control’;
- the distinction between coordination and operational control;
- the degree of visibility and governance integration required before group-equivalent obligations should apply;
- and proportionality expectations for decentralised structures.

This is particularly important given the diversity of sectors and organisational models potentially within scope, especially within the non-financial sector.

Question 9: Do you foresee any legal or operational challenges in implementing the provisions listed in this RTS and in particular by article 21 for the above-mentioned structures? If so, please describe the challenges and provide practical examples.

A number of operational and legal challenges may arise where group-wide requirements are extended to structures sharing common ownership, management, or compliance control.

Many decentralised structures, including networks, partnerships, franchises, and professional associations, may share:

- methodologies;
- policies;
- systems;
- branding;
- training;
- or compliance frameworks

without operating under genuinely unified governance, operational accountability, or risk management structures.

As a result, firms may face challenges in:

- establishing clear accountability for AML/CFT decisions;
- implementing consistent escalation frameworks;
- ensuring operational visibility across legally independent entities;
- and reconciling local and group-level risk assessments and priorities.

There is also a risk that increasingly centralised governance expectations may unintentionally reduce firms’ ability to apply controls tailored to:

- local typologies;
- local threats;
- local customer behaviours;
- local regulatory expectations;
- and jurisdiction-specific risk appetites.

AML/CFT risks are often highly contextual and jurisdiction specific. In highly centralised or standardised models, there is a risk that local intelligence and operational judgement may be diluted within broader enterprise-wide frameworks designed primarily for consistency and central oversight.

Additional challenges may also arise where:

- systems are fragmented;
- local confidentiality or privilege obligations apply;
- data-sharing restrictions differ across jurisdictions;
- or entities remain legally independent despite shared compliance arrangements.

Further clarification would therefore be beneficial regarding:

- accountability expectations within decentralised structures;
- the interaction between local and central governance responsibilities;
- operational expectations regarding visibility and information access;
- and proportionality expectations for structures that share coordination mechanisms but do not operate as fully integrated groups.

Question 10: Do you find the criteria listed in article 22 effective to identify the parent undertaking in the Union in cases where two or more obliged entities are part of the above-mentioned structures? If not, please explain and provide practical examples.

The criteria listed in Article 22 of the draft RTS are a useful starting point for identifying the parent undertaking in the EU where two or more obliged entities are part of a structure sharing common ownership, management, or compliance control. However, further clarification is needed to ensure that those criteria identify, in a reliable and consistent manner, the entity best placed to discharge the relevant governance, coordination, and oversight responsibilities in practice.

This is particularly important in the context of structures that are not conventional groups. In such arrangements, formal indicators of prominence may not always correspond to the practical ability to implement group-equivalent AML/CFT measures, ensure visibility across entities, or exercise meaningful influence over policies, procedures, escalation, and remediation. The same may apply in mixed-industry structures, where the most commercially prominent entity may not be the one with the most relevant AML/CFT expertise, governance role, or operational visibility. A mechanically applied criterion may therefore identify an entity that is prominent in name or size but not operationally suited to act as the parent undertaking in the EU.

In particular, greater clarity would be useful on how the criteria should be applied where strategic direction, compliance coordination, operational management, and commercial prominence are spread across different entities within the structure. This may arise, for example, in networks, federated groups, partnerships, or franchise-type arrangements where one entity may provide shared services or branding while another exercises greater influence over compliance frameworks or decision-making.

The Institute also considers that the draft RTS would benefit from making clear that the relevant undertaking should be the entity with the most substantive governance role and the greatest practical capacity to ensure implementation of the requirements, rather than simply the entity that appears largest, most visible, or most commercially significant. In this context, factors such as decision-making authority, control over AML/CFT frameworks, access to relevant information, the ability to require remediation, and the extent of operational integration may be more reliable indicators than formal prominence alone.

A further point of clarification may be needed where no single entity has a clearly dominant role across all relevant indicators. In such cases, the draft RTS could usefully specify whether a hierarchy of criteria should apply, whether one criterion should prevail over others, or whether firms and supervisors should be permitted to identify the most appropriate undertaking on the basis of a documented assessment of actual governance and control arrangements.

Overall, while the criteria in Article 22 are directionally helpful, additional clarification would improve legal certainty and reduce the risk that decentralised or loosely integrated structures are required to nominate an undertaking that is not, in practice, capable of fulfilling the role envisaged by the draft RTS.